RESPONSES TO CONSUMER DISSATISFACTION WITH THE NEW AUTOMOBILE PURCHASE: AN ANNOTATED BIBLIOGRAPHY

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Automotive News (1980), "Dedicated Drive For Quality Called Top Priority At GM," December 1, p 4.

This article reports on an address by GM's executive vice-president F. James McDonald. McDonald stated that GM's future depends on the public perception of quality: Quality is linked very strongly with customer satisfaction. GM plans to achieve improved quality and customer satisfaction through new technology, improved manufacturing techniques and more modern facilities and equipment. GM spending $40 billion worldwide between 1980-84.

Automotive News (1981), "Chrysler Establishes 41st Customer Arbitration Panel," January 19, p. 16,20.

Chrysler plans to establish 55 Customer Satisfaction arbitration boards in the U.S. operated under the Federal Trade Commission (FTC) guidelines by April 1, 1981. The board will handle customer warranty deposits.

Automotive News (1981), "GM $40-Billion Program In Jeopardy," April 20, p. 20.

A speech by F. James McDonald, GM President to a University of Detroit Forum, indicated that the $40 billion capital investment plans by GM between 1980-84 may not materialize unless government and labour cooperate. GM can meet its goals if government continues easing regulations and if labour takes concessions. U.S. makers are operating at about an $8 an hour labour cost disadvantage compared to the Japanese industry. GM has introduced a new "Quality of Work Life" program to get workers now involved in operations in an effort to improve quality and productivity.

Barnhill, J.A. (1972), "Environmental Factors Influencing Development of Consumer Legislation in Canada," The Canadian Marketer, 6 (Spring-Summer), 19-21.

A discussion of 4 major environmental influences on consumer legislation in Canada. 1) TECHNOLOGICAL: The present rate of product introduction/obsolescence & illusionary marketing strategies have increased "consumer confusion". 2) ECONOMIC: The ologopolistic market gives large firms an economic advantage over the consumer. The report on Consumer Credit (Feb. '67) gave impetus for consumer legislation. The majority of complaints concern unfair trade practices. Legislation on the hazardous product problem is discussed. 4) POLITICAL-GOVERNMENT: Consumer legislation is politically attractive for those politicians who are responsible/supportive of additional consumer protection legislation.

Of relevance is the identification of "automobile defects" as one of four product areas which have endangered Canadian consumers and due to the haste in getting new products on the market without adequate safety testing and control.

Consumer information and education have not kept pace with the supplier's flow of new products and promotional campaigns.

Beckman, M.Dale (1973), "What Businessmen Know About Government and Legislative Intent," The Canadian Marketer, 6 (Fall), 13-17.

The article focuses on businessmen's awareness of the proposed Bill C-256 and activities and emphases of the Dept. of Consumer and Corporate Affairs. Major findings are: 1) Businessmen showed great ignorance of the proposed new Competitive legislation and of existing legislation concerning conduct of business. 2) Knowledge of the Dept. of Consumer & Corporate Affairs w.r.t it aims, purposes, functioning and specific facts concerning major aspects was lacking universally. 3) The majority of businessmen thought more emphasis was placed on consumer protection (which was adequate or not great enough) than on either investor or business protection. 4) The impact of government decisions on the marketing function will increase significantly.

Businessmen have little time to devote to the public/political dimension of the business environment and thus legislation, regulation, control will be almost developed largely without business contribution.

This study is based upon a convenience sample (N=62) of members of the Winnipeg Chamber of Commerce and business executives in greater Winnipeg (48% response rate).

Bernacchi, N.D., Ken Kono, and Jack E. Smith (1979), "The Satisfaction of Consumer Complainers with Consumer Protection Agencies", in New Dimensions of Consumer Satisfaction and Complaining Behaviour, Ralph L. Day and H. Keith Hunt, eds. Division of Research, School of Business, Indianna University, 83-5.

A February, 1977 sample of 1188 respondents who had complained to the Wayne County Consumer Protection Agency was surveyed regarding the complaint type, involvement in the complaint's resolution, the type of resolution received, and the degree of satisfaction at the end of the complaint process. The results indicated that complainers were better educated, younger, and earned more income than the average Wayne County resident. The analysis also indicated that satisfaction was greater when the complaint was related to a product versus a service, when the consumer was involved in the resolution of the complaint, and when a refund was offered. The authors conclude that consumer protection agencies should focus on obtaining refunds for the complainers, must involve the complainers and the resolution of their complaint, and must be especially conscious of service complainers.

Busch, Paul (1976), "A Review and Critical Evaluation of the Consumer Product Safety Commission: Marketing Management Implications," Journal of Marketing, 40(October), 41-49.

The article reviews the procedures and policies of the Consumer Product Safety Commission (CPSC) and reports the results of a mail survey concerning bicycle manufacturers evaluation of the CPSC's development of a safety standard. Mistakes, complaints, and criticisms of CPSC relate to a publicity orientation, inadequate preparation, and one-way communications. Recommendations made by Busch to marketers include: 1) responding promptly to CPSC action, 2) challenging the CPSC, 3) developing voluntary standards, 4) improving quality control, and 5) sending experts to voluntary safety standard committees. Of relevance is the estimate that only 17% of bicycle accidents are caused by mechanical or structural failure. This fact emphasizes the need for consumer evaluation programs.

Business Week (1978), "GM Tests Arbitration to Quell Buyer Unrest," October 2, 34,36.

GM is quietly testing a binding arbitration program to settle customer complaints in the Minneapolis-St. Paul area. GM hopes the program, underway since June 15, will suggest ways to quell consumer restiveness and stave off government intervention in resolving gripes from consumers. Minnisota is considered a typical auto market. The state's Better Business Bureau (BBB) has been chosen to handle the program because of its activist reputation. The purpose is to resolve complaints of auto defects after the company's 12,000-mile/12-month warranty expires. There is a psychological release involved because GM agrees to abide by an arbitrator's decision in disputes between dealers and customers and will reimburse full costs to dealers if the arbitrator finds for the customer. Sixty volunteer arbitrators have been chosen by the BBB to participate. Of 100 complaints received so far, only 5 have gone to arbitration. Even if the customer loses, he feels better about it. Detroit is also worried that if it does not, find a means of meeting consumer complaints, the government will step in. In California, Governor Edmund G. Brown Jr. has signed a bill requiring arbitration of all unresolved consumer-business disputes involving less than $15,000.

Capon, Noel and Richard J. Lutz (1979), "A Model and Methodology for the Development of Consumer Information Programs," Journal of Marketing, 43 (January), 58-67.

Using a consumer-oriented approach, a conceptual model is developed that can be used as an analytical tool for the development of consumer information programs. The market for information is no different from the market for other goods and services and consists of a number of relatively homogeneous segments that may be identified by traditional segmentation variables. Consumer needs (which are competetive and largely complementary) for information can be satisfied by developing appropriate marketing information offerings, each defined on the basis of type, source and channel of information. A multistage, analytical methodology is developed which relates consumer's use of, perception of, and desire for information to actual information availability in a manner which enables the public policy maker to develop a matrix of required information actions which are either information deletion, information creation, or consumer education. The implementation of the framework and methodology developed in the paper is discussed.

Chakrabarti, Alok K., and William E. Souder (1977), "Government Policies: Barriers Or Stimuli to New Product and Innovation? " in Contemporary Marketing Thought: 1977 Educators' Proceedings, Barnett, A. Greenberg and Danny N. Bellenger, eds., Chicago; American Marketing Association, 196-198.

The authors look at a fundamental question: Is government a barrier or stimulus to innovation? From this research, contingent conditions should be considered before answering this type of question. A particular regulation may adversely affect one industry, but it may be favoured by other industries. The authors found that federal regulations can affect a company's product program in many ways:

(1) In regulating product specifications, the government can severely affect the market potential.
(2) Regulation can force a maufacturer to redesign an existing product.
(3) Regulations can open up new product opportunities.
(4) Government, as the largest customer, has the procurement leverage which has been used to affect market aggregation.
(5) Specifications and product requirements by federal agencies can be used as guidelines for product development.
(6) The likelihood of changing product specifications by federal agencies injects uncertainty in the product development process.
(7) Government regulations may prevent a particular company from getting into certain product lines.
(8) Fiscal policies as well as tax policies are very powerful tools at the hands of the government to influence corporate behaviour.

Clapp, Wallace L. Jr. (1977), "Extended Warranty Coverage Offers New Business Opportunity," Rough Notes, 120 (August), 18,48.

This article looks at the implications and new business opportunities for insurance producers as a result of the U.S. Magnuson/Moss Federal Warranty Act. It provides that warranties be placed on products over $15 in value. New warranty companies provide extended protection to new car buyers beyond the usual factory warranty through two types of programs: (1) A service contract sold by the dealer which nets the dealer a high commission and generally ties the customer to service performed by the dealer; and (2) a mechanical breakdown contract sold by the lender which permits the customer to have the covered service performed by any dealer.

Cohen, Dorothy (1975), "Remedies for Consumer Protection: Prevention, Restitution, or Punishment", Journal of Marketing, 39(October), 24-31.

The paper examines U.S. federal remedies for consumer abuse as elements of a paradigm denoted as prevention (codes of conduct through trade rules, disclosure of information requirements, substantiation of claims), restitution (affirmative disclosure, corrective advertising, refunds, limitations on contracts), and punishments (fines and incarceration, loss of profits, class action suits) to provide a framework for evaluating current remedial activities and gives suggestions for future policy decisions. Arbitration, in particular, is identified as one fertile field for restitution that has not been adequately explored.

Cohen concludes that prevention is a most desirable public policy goal, but it is insufficient as a sole remedial action. Punishment should be used sparingly, to halt the most abusive practices or to deter those who continually engage in deceptive practices despite the imposition of other remedial actions. In the context of applying behavioural insights to regulation in the consumer interests, restitution is recommended as an efficient remedial alternative. Arbitration, a fertile field for restitution, should be explored further by the federal regulatory agencies.

Cunningham, William H., and Isabella C.M. Cunningham (1976), "Consumer Protection: More Information or More Regulation?" Journal of Marketing, 40 (April), 63-68.

The study is a broad attempt to determine how much individuals in various sectors of society know about the consumer protection laws and their rights as consumers. The research involves sampling 600 consumers from a "medium-sized Texas city" and 187 lawyers from four Texas cities and compairing their knowledge of ten areas of the law. The authors report that there is a clear lack of information demonstrated by all income segments of the consumer sample and also the attorney sample. The amount of information the consumer respondents had varied a great deal among the ten areas of law investigated. There is the need for establishing ways to inform consumers of their rights and the means available to them to enforce such rights not only to low-income consumers but to all segments. This is best accomplished through an alliance of all individuals in the educational, legal, and business communities.

Cuvelier, Emile and Andrée Létourneau (1980), "Warranties Cars, Motorcycles and the Law," Protect Yourself (October), 36-38.

This article discusses Quebec's new Consumer Protection Act. Under the Act, warranties are to cover parts and labour, are automatically transferable, and the guarantor must defray any reasonable towing charges. The Act also aids consumers in buying used cars by requiring the dealer to provide extensive disclosure of information about the vehicle, and imposing upon dealers the requirement to provide warranties on used cars depending on a combination of age and mileage. Transactions between two dealers or two consumers are not covered by the Act.

Darden, William R. and C.P. Rao (1977), "Satisfaction with Repairs Under Warranty and Perceived Importance of Warranties for Appliances ," in Consumer Satisfaction, Dissatisfaction and Complaining Behaviour, Ralph L. Day, ed. Bloomington, Indianna: Division of Research, Indianna University, 167-70.

This study reports the results of interviewing over 200 households in order to relate the perceived importance of more favourable warranty terms to appliance-related characteristics and personal characteristics. Multiple regressions were performed for each of the appliances of refrigerator, washing machine, clothes dryer, kitchen range, dishwaster, and freezer. Inspection of the regression coefficients across applicances reveals that perceived importance of warranties is slightly negatively related to satisfaction, number of years in operation, and age and positively related to approximate price.

Day, George S. (1973), "Mechanisims for Industry Self-Regulation," in Public Policy in Marketing Practices, Fred C. Allvine, ed. Chicago, IL: American Marketing Association, pp. 185-95.

Interest in self-regulation is growing because companies are constrained by their own decision-making process and the competitive situation, and government regulators recognize they do not have enough resources to do something in every area. The problems with self-regulation include 1. its similarity to anti-trust, 2. members don't see injustices in the system, 3. the need for concensus weakens leadership, 4. inadequate resources, 5. issues are perceived outside of the responsibility of the industry, and 6. there is a lack of public trust in self-regulation movements. Thus, Day argues that self-regulation goes beyond efforts of individual trade associations to encompass countervailing pressures brought by one industry on another or across industries. In addition, industry trade associations can 1. coordinate and disseminate research, 2. provide codes of conduct, public standards, and certification programs, and 3. conduct complaint handling.

Day, George S. (1976), "Assessing the Effects of Information Disclosure Requirements," Journal of Marketing, 40 (April), 42-52.

An increasing demand for disclosure of efficiency and comparative performance information can be expected in the future. There is, however, a lack of evidence on the behavioural effects of past information disclosures. The authors attempt to identify recurring patterns of effects of past information disclosure requirements. Several hypotheses relating to the probable direct and indirect effects of information disclosure requirements are tested. These include:

1) The existence of a hierarchy of effects,
2) The determinants of the effectiveness of the information,
3) Segment differences in the extent of the effects,
4) Immediate versus long-run effects,
5) The extent of indirect effects on manufacturer and retailer behaviour.

Further research priorities and management implications of the available evidence are discussed. Of particular relevance is Table 1 which lists various disclosures both implemented in the past five years and probable for the future.

Day, Ralph L. and E. Laird Landon, Jr. (1975), "Survey Data on Consumer Complaints for Consumer Protection Policy Makers," in Proceedings, mid-west AIDS Conference 40-44.

The premise for this paper is that complaints received by consumer protection agencies may both misrepresent the characteristic of the dissatisfied consumer as well as the type of product or service being complained about. The authors then refer to the quote "national consumer survey" being designed by the Federal Trade Commission in order to develop a products-buy-complaints matrix. They describe how they have administered modified versions of the national survey in their respective home cities of Bloomington, Indianna and Boulder, Colorado. Preliminary results from the Boulder study of 275 usable questionnaires indicated that "purchase of a new car" headed the list in terms of total mentions regarding the least satisfactory durables as well as the list for the least satisfactory durable.

Diamond, Steven L., Scott Ward, and Ronald Faber (1976), "Consumer Problems and Consumerism: Analysis of Calls to a Consumer Hot Line", Journal of Marketing, 40 (January), 58-62.

The study's objectives are 1) To characterize the kinds of problems consumers have and the kinds of consumers who call a hot line, 2) To identify the particular business sectors consumers complain about most often, and 3) To examine the interactions of consumers with the particular companies or businesses involved in consumer complaints. An analysis of a random sample of 150 calls from a total of more than 3,000 made to consumer hot line sponsored by an "eastern state's Attorney General's Office" was made. The major findings include: the largest proportion of consumer problems revealed (27%) centered around difficulty in the transaction itself-failure to deliver, product damage, etc.; these were followed closely (26%) by problems encountered in service or repair transactions. The latter problems were particularly common among callers from lower socio-economic households. Finally, consumers in the hot line segment held significantly more negative attitudes toward business than those held in the broader population.

Dowie, Mark (1977), "How Ford Put Two Million Firetraps on Wheels," Business and Society Review, 23 (Fall), 46-55.

This article relates the Ford Pinto case history in which it is reputed that 500 burn deaths have been caused due to improper placement of the gasoline tank. The article indicates that a cost-benefit analysis of retooling and human lives could not justify a change to the design. Instead, Ford has paid out millions in order to settle damage suits out of court as well as lobby against safety standards.

Feldman, Laurence P. (1976), Consumer Protection: Problems and Prospects, New York: West Publishing Co.

Chapter 8 of this text deals with the future of consumer protection. The topics of self-regulation, government action and consumer movement are discussed. Self-regulation by industry is discussed with regards to its advantages, problems and future.

Feldman, Laurence T. (1976), "New Legislation and the Prospects for Real Warranty Reform", Journal of Marketing, 40 (July), 41-7.

This article is a useful review of problems raised by consumers in dealing with warranties. Feldman then analyzes the 1975 Magnuson-Moss Warranty Act with respect to its potential in solving the consumer problems. A number of difficulties are identified and Feldman traces the basic problem back to a lack of research on the consumer behaviour involved with use of warranties. Consumer problems with warranties include:

1. Differing perceptions of warranty function by consumers and warranters

2. Lack of consumer comprehension of warranty terms including
   a) misleading representations
   b) lack of access to warranty prior to purchase
   c) obscure terminology

3. Unreasonable warranty provisions

4. Lack of performance including
   a) lack of clarity for responsibility for provision of warranty service
   b) difficulty in obtaining satisfactory warranty service

Some difficulties that the new Act will experience in dealing with the above difficulties include:

1. A difficulty in dealing with a chronic diversity

2. A difficulty in establishing responsibility for non-compliance when warranter and seller are different

3. Discretionary power is given to the F.T.C. which is not known for its speed and decisiveness

4. The consumer must take the initiative

5. A structural factor is in the market place instead of deliberate warranter policy may be the problem which the act does not deal with. A relevant example that is given is the automobile case where warranty problems are symptomatic of a more fundamental problem: a shortage of mechanics.

Fisk, George (1970), "Guidelines for Warranty Service after Sale," Journal of Marketing, 34 (January), 63-67.

Warranty service after sale is causing severe problems for marketing managers because the number of appliances and automobiles is growing more rapidly than human populations while service facilities and profits lag behind. This paper offers guidelines for a positive warranty program: warranty integrity, education of the consumer, product quality control and service on demand. The article is based on interviews with consumer, government and trade representatives.

Forbes, J.D. (1979), "Influence Groups in Canadian Consumer Policy Formulation," The Canadian Marketer, (Fall), 27-32.

Policy formulation is viewed as the balancing of various interest groups. Individual consumers and even consumer interest groups are identified as having characteristics which limit their effectiveness. Five consumer groups described as playing a major advocacy role in the development of Canadian consumer policy are:

Consumers Association of Canada,

Public Interest Advocacy Centre

National Anti-poverty Organization

The Automobile Protection Association

Public Interest Research Groups

Forbes, J.D. (1980), "The Law and Canadian Consumers," in Macro-marketing: A Canadian Perspective, Donald N. Thompson, Patricia Simmie, Louise Heslop, Stanley J. Shapiro, eds. Chicago: American Marketing Association, 225-50.

Discusses consumer law in Canada comprised of the common law, statutes, statute law, and administrative and regulatory policies and decisions. This article discusses how this body of law evolves in the Canadian political process where consumer interests are balanced with other interests to provide laws in the area of buyer-seller contracts, sale of goods, safety, health and information trade practices, administrative and regulatory matters, and access in use of the law. Also discusses how consumers and similar large, latent interest groups have difficulties in having their interest represented in the political process because of problems of organizing and financing these activities. The cases of food policy and competition legislation are discussed to illustrate the interaction of consumer interests with those of smaller, more powerful interests in the Canadian political process. Concludes that consumers have had some successes and some failures in affecting the expansion of consumer law in a pluralistic system. Overall, this article provides useful insights about how consumer protection policies can be and could be implemented.

Goodwin, Stephen A., Vijay Mahajan, and Bhal J. Bhatt (1979), "On Consumer Dissatisfaction: Consumer Arbitration as an Alternative Dispute Resolution Mechanism." in Advances in Consumer Research Vol. VI, William L. Wilkie, ed. Ann Arbor, Michigan: Association for Consumer Research, 460-5.

A discussion of consumer arbitration as an alternative redress mechanism. Discusses in particular a consumer arbitration program of a Better Business Bureau program in a "large north eastern metropolitan area." Of interest is the observation that the majority of disputes were related to home remodelling (58%) followed by automotive (16%). The types of businesses involved in the dispute between 1973 and 1976 involved automotive in 7% to 26% of the disputes.

Gray, Ralph (1979), "GM Pushes to Insure Success of its Warranty," Advertising Age, 50 (#6), 2,69.

This article announces the introduction of a 36 month optional warranty by GM to compete with a similar warranty offered by Ford. The Continuous Protection plan supplements the standard 12 month, 12,000 mile regular warranty and AMC has a Buyer Protection Plan, a combination of a 12 and 12 with an optional 12 and 12. In early 1960's car makers vied to see who could out warranty the other.

Buyers will pay an extra $153 to $295 for the GM plan. Ford may counter by lowering its prices on the optional plan and advertise more. Elliot M. Estes, GM president stated this plan will take some of the inconvenience and financial sting out of major repairs. 50% of GM's buyers will take the plan. Experts predict that auto-service contracts will grow to a $2 billion industry within 10 years.

Hickman, Ernest E. (1980), "Keeping the Customer Satisfied," Advertising Age, Sept. 29, S-28, -30

This article reports on efforts of the North American auto makers to keep consumer brand loyalty when values are changing, products are changing, and competition is intense. The radical change in product offerings plus intensified competition increases the vulnerability of the automakers' customers loyalty. Automakers agree that quality control is the first step in marketing customer satisfaction and various programs have been implemented to ensure quality. Automakers can market their confidence in product quality through the warranty offered, such as Chrysler's 30 day, money back guarantee or AMC's Buyer Protection Plan. There are broad differences, however, in the way automakers view their extended warranty options. Other internal programs include monitoring of the dealer-customer relationship, the Service Supremacy program at Chevrolet, Ford's Service Technicians Motivation Program, G.M.'s satisfaction index on Communication skill program. The dealer-customer relationship has been frustrating for car marketers since powerful sales programs have been torpedoed by an insensitive service writer or an overly impatient mechanic. Half of complaints are with treatment, not with the product.

Kangun, Norman, Keith K. Cox, James Higginbotham, and John Burton (1975), "Consumerism and Marketing Management", Journal of Marketing, 39 (April), 3-10.

The study focuses on the meaning of consumerism, the relative importance of certain consumer issues, the choice of corrective actions as they relate to specific consumer problems, and the perceived importance of the consumer movement today and in the future. Company actions and industry-wide frameworks for evaluating possible alternative courses of actions for marketing management are presented. A convenience sample of 241 students, 55 nonemployed adult women, and 71 businessmen from a "large south-western city surveyed in 1973" was used. The authors conclude that those consumerism issues for which there is a broad acceptance of needs and the cost of implementing solutions is not too great are logical places for many firms to voluntarily take actions. These actions would be beneficial in terms of the company's long-run goals. If businesses do not respond to consumers' needs, government forces will undoubtedly act. Of relevance is the rated importance of information, health and safety, repair and servicing, pricing issues, pollution, product quality, and consumer representation in government.

Kendall, C.A. and Frederick A. Russ (1975), "Warranty and Complaint Policies: An Opportunity for Marketing Management," Journal of Marketing, 39 (April), 36-43.

An effectively administered warranty/complaint response system and a far sighted view of managers to all aspects of warranty and complaint policies is needed. The study focuses on consumer packaged goods manufacturers (CPGMs). They 1) Provide a historical perspective and legal background for studying warranties and complaint handling in CPG industries, 2) Discuss the warranty policies and practices of CPGMs, 3) Describe the policies, practices, and experiences of CPGMs when responding to customer complaints, 4) Identify the opportunities and costs that may be incurred by CPGMs in their management of the customer complaint corporate response function. The authors conclude that manufacturers should provide an express warranty - on product, package, and promotion. The guarantee should be simple and obvious and specify a desire to know the reasons for dissatisfaction. Response to a complaint should be quick and personal. The opportunity to promote other products or the company as a whole should be siezed. Complaint data can supplement marketing research data as an aid to decision making.

Landon, E. Laird, Jr. (1979), "Responding to Consumer Complaints: Organizational Considerations," in New Dimensions of Consumer Satisfaction and Complaining Behaviour, Ralph L. Day and Keith H. Hunt, eds. Bloomington, Indiana: Division of Research, School of Business, Indiana University, 91-4.

This paper describes the origin and structure of consumer affairs units in industry. The discussion includes reasons for their growth, the position of the unit in the organizational structure (general management, public relations, and marketing), and methods for handling, receiving and disposing of complaints within the organization. This article is relevant because it indicates a possible consumer protection mechanism that might be encouraged by actions taken by the public sector.

Lazer, William (1973), "The Consumer Movement and Public Policy Development," in Public Policy in Marketing Practices, Fred C. Allvine, ed. Chicago, Ill: American Marketing Association, pp. 35-50.

This article explores relationships between public policy consideration in the consumer movement, past and present. Perspectives on consumerism and the imput of consumer information into the federal rule making process are explored. Comparisons are made between the characteristics and impacts of the current consumer movement and those of past years. Attention is directed to current trends in self-regulation and the implications for government regulations through a review of various self-regulatory examples. With respect to self-regulation, Lazer concludes that self-regulation including arbitration has not had a great impact but will expand in the future, 2. self-regulation will not replace new legislation because of the difficulties in getting industry-wide agreement and the political attractiveness of new legislation, and 3. government agencies and regulatory bodies will have new roles in the self-regulation process.

McNeil, Kenneth and Mille , Richard E. (1980), "The Profitability of Consumer Protection: Warranty Policy in the Auto Industry," Administrative Science Quarterly, 25 (September), 407-427.

Telephone interviews were completed with an average of 50 buyers from each of 33 Wisconsin area dealerships (1537 respondents) two months after car's registration (Fall, 1976) and again after a year's experience (Spring, 1977). Owners/managers of 29 of the 33 dealerships were also interviewed as were managers in service divisions of each of the 4 Detroit auto manufacturers, observers in national trade associations, and observers in government agencies regulating warranty protection. The authors suggest that the present level of poor warranty performance apparently reflects a strategic choice, conscious or unconscious, to maintain continuing relationships with customers through a reliance on the proprietary control over the market, rather than through investments in good will assets. Three possible explanations for this choice are explored. The first explanation, that the development of good will assets is not profitable because there is no effective demand for better warranty protection, is examined and rejected. The second explanation, that the development of good will assets is not profitable because the costs of adequate warranty protection would be too great, is also examined and rejected. The third explanation, that decision making is biased against the development of good will assets because of exclusive reliance on short-term accounting systems, is supported.

In total, this paper is relevant for understanding industry practice, analyzing consumer dissatisfaction, and providing suggestions for consumer protection programs.

Mittelstaedt, Robert A. (1974), "Consumer Protection and the Value of Information," in Advances in Consumer Research, Vol. 1, Scott Ward and Peter Wright, eds., Ann Arbor, Michigan: Association for Consumer Research, 101-106.

This paper proposes that the "value of information" concept can be a useful guide to the construction of priorities for both those agencies charged with protecting the consumer and those researchers who wish to make their efforts relevant to consumer problems. General information programs are assessed as to their probable value to the consumer and the implications of this estimated value for protection agencies and researchers is examined.

Moschis, George P. (1979), "Formal Consumer Education: An Empirical Assessment," in William L. Wilkie, ed., Advances in Consumer Research, Vol. 6, Ann Arbor: Association for Consumer Research, 456-459.

This article presents the results of a large-scale study designed to empirically assess the effectiveness of formal consumer education materials and practices from 13 schools in seven towns and cities in urban, suburban, semi-rural and rural Wisconsin. A total of 806 students were involved. Little evidence was found that formal consumer education contributes much to the students' learning of various consumer skills, a finding that is consistent with the results of smaller-scale studies using samples of students from North Dakota and Kentucky.

Olander, Folke (1977), "Can Consumer Satisfaction and Consumer Complaints Guide Public Consumer Policy?" Journal of Consumer Policy, I(Spring), 124-37.

This paper distinguishes between subjective measures of satisfaction (reports from individual citizens about their feelings) and objective measures (measures which gauge welfare independently of the individual's appraisal of his own situation). The subjective measures if problems, complaints, and reported satisfaction are discusssed and difficulties inherent in interpreting such data are stressed. The author concludes that such subjective measures are almost unusable as a basis for setting priorities and public consumer policy and lists a series of alternative objective indicators. This list both serves to identify possible public policy alternatives as well as a way of evaluating the implementation of policy alternatives.

Page, Albert L. and Timothy L. Wilson (1979), "Factors Influencing the Success of Marketing Campaigns to Recall Automobiles," in Public Policy Issues In Marketing, Vol. 1, Cynthia J. Frey, Thomas C. Kinnear, and Bonnie B. Reece, eds. Ann Arbor, Michigan: Division of Research, Graduate School of Business Administration, The University of Michigan, 114-30.

This study examined the product recall area of marketing activities within the US automobile industry. A set of automobile recall campaigns was analyzed to test five hypotheses. Structural analysis of regression results indicated that automobile age and manufacturer market share are important determinants of the success of an automobile recall campaign.

Pearce, Michael R. (1979). "The Public Arena of Marketing," in Public Policy Issues in Marketing Vol. 1, Cynthia J. Frey, Thomas C. Kinnear and Bonnie B. Reece, eds. Ann Arbor, Michigan: Division of Research, Graduate School of Business Administration, The University of Michigan, 1-16.

The Public Arena of Marketing is defined as industry, the company, the customer, government, advocates, and citizens and their interrelationships. Figure 2 summarizes commonly alleged imperfections dealing with product, price, packaging/labelling, distribution and communications. Figure 3 summarizes seven major types of government responses to consumerism including consumer education, consumer inquire handling, consumer complaint handling, consumer protection, consumer research, consumer group assistance, and competition policy. Figure 4 provides ways of looking at government intervention in marketing as ways of improving marketing performance. This figure summarizes the level and focus of intent, major mechanisms including law, suasion, information and incentives/disincentives, and major approaches including improving market system by reducing market imperfections, improving market systems by improving consumer ability to deal with imperfections, and replacement of the marketing system.

Permut, Steven E. (1979), "Research on Consumer Information: Public Sector Perspectives," in William L. Wilkie, ed., Advances in Consumer Research, Vol. VI, Ann Arbor: Association for Consumer Research, 1978, 481-487.

This paper examines public sector perspectives toward research on consumer information. One hundred and seventy-eight questionnaires were sent to seven federal state agencies, and state-level departments of consumer protection and national consumer organizations. A response rate of 50% was achieved. The "policy relevance" of consumer research, perceived consequences of information programs, and sources of research data were examined, along with constraints on research utilization in the policy making process. Of particular interest is the result that high agreement was expressed for the proposition that consumer information disclosure is in the public interest, regardless of whether the information is actually used by the consumer, and that all three groups perceive positive benefits as a result of information disclosure efforts. All three groups were in strong agreement that information disclosure will lead to increased purchase satisfaction and that consumer education is a necessary component of information disclosure programs.

Richardson, Lee and David N. Fogg (1970), "Service Patronage Patterns and New Product Warranties: A Pilot Study of Automobiles," Southern Journal of Business, 216 (July), 213-217.

A mail questionnaire to car owners in Baton Rouge, Louisiana, whose cars had been purchased new and whose warranties should have been in effect resulted in 218 usable returns in 1968. The results revealed that owners of automobiles that are covered under warranty patronize dealers for routine servicing and periodic repair work within the specified time of warranty protection; warranty expiration resulted in a major shift of car owners from dealers for both service and repair work; and, different consumer images persisted for dealers and independents. Both respondents felt that independents were superior, on speed of service, personal attention, quality of service and prices.

Romero, Louis, J., (1972), "Automobile Warranties in North America with Special Reference to the Ontario situation," an unpublished Master of Laws Thesis, Osgoode Hall Law School, York University, Toronto, September.

This thesis analyses different surveys conducted in the United States in relation to consumer dissatisfaction with new car warranties and service rendered under them. An empirical study of 323 Ontario new car owners was conducted in April, 1971; 51.31% of respondants had some repairs under warranty. Only 44.31% of those were successful in having defects fixed. 59.18% of respondants who had a defect had to return more than once to get car repaired. 15.74% of respondants weren't satisfied with the performance of cars. Dealers are not fulfilling their franchise agreements in regard to pre-delivery inspection of new cars.

There is a greater divergence between the rates dealers receive for performing warranty repairs and the rates they charge for retail work. Labour rates under warranty negotiated between each dealer and the manufacturer. Warranty administration procedures encourage dealers to refuse or delay the performance of warranty repairs. Manufacturers reject over 20% of warranty claims. No significant difference between the percentage of dissatisfied customers in Canada and the United States.

Rothe, James T. and Lissa Benson (1974), "Intelligent Consumption: An Attractive Alternative to the Marketing Concept," MSU Business Topics, 22 (Winter, 1974), 29-34.

Consumer dissatisfaction with many products has led to consumerism: an indication that the marketing concept is not working properly. The concept of intelligent consumption is explored and discussed. A pattern of intelligent consumption is one in which the individual consumer's ability to generate maximum personal satisfaction per dollar expended is not impaired. The intelligent consumer needs information, choice, safety, recourse and the capacity to decide. The major objective would be to set up a Institute for Consumer Information. The role of business, consumers and government is discussed.

Secrest, John C. (1976), "Warranties: A Study of Marketplace Reactions in the Automobile Industry," in Consumerism: A New Force in Society, Mary Gardiner Jones and David M. Gardner, Eds., Lexington, Mass.; D.C. Heath and Company, 45-48.

This chapter reports on the success of AMC's Buyer Protection Plan in alleviating consumer dissatisfaction with new cars and warranty problems. The concept of the Buyer Protection Plan is to pay for everything for which the manufacturer is responsible, plus anything else where it makes good business sense to give the benefit of the doubt to the dealer and the customer.

Also reported are the results of two surveys conducted by Boston College (1974) and by Harvard Business Review (Sept.-Oct. 1974). In the Boston College study, 89% of AMC's buyers reported definite satisfaction with their warranty.

The next highest was 77%. The study also indicated a definite correlation between customer satisfaction with warranties and purchase decisions. The Harvard study indicated that AMC was doing an effective job responding to consumer pressure. AMC attributes increased market share during the 1970's to their Buyer Protection Plan.

Sheth, Jagdish N. and Nicholas J. Mammana (1974), "Recent Failures in Consumer Protection," California Management Review, 16(Spring), 64-72.

The major focus of this article is on why government legislation, self-regulation by business, action by consumer advocates, and joint efforts among these three entities have failed to provide consumer protection. A reoccurring reason among the different groups is either a lack of a consumer behaviour model or a model that differs from those in the other sectors. The authors suggest a strategy of selectivity and segmentation among the entities and their processes. For example, industry should focus on physical safety and government should focus on environmental imbalance. Other recommendations relate to research and education programs in consumer behaviour.

Stern, Marc (1980), "GM's Arbitration System Working," Automotive News, May 19, 18.

In 1978 GM set up a test 3rd party arbitration program in Minneapolis-St. Paul to handle unresolved customer warranty complaints. Now the program is in 3 other cities and being expanded. The program is run in conjunction with the B.B.B. 80% of the disputes are settled through simple mediation and the other 20% through arbitration. Program is GM's bid to increase customer satisfaction. Program brings the factory right into the problem and frees the dealership to concentrate on dealership matters.

Thomas, Gordon D. (1975), "The Attitudes of Canadian Automobile Purchasers Toward Government Induced Produced Product Modifications, in Marketing in the 1970's and Beyond: The Proceedings of the 1975 Meetings of the Marketing Division of the Canadian Association of Administrative Sciences, Bent Stidson, ed., 1-8.

A mail survey of 1000 new car purchasers randomly drawn from across Canada resulted in a 45% response rate. The results indicated that Canadian Consumers who knew automobiles were strongly and overwhelmingly in favour of the idea of compulsory safety features and strongly supported Government involvement in this area. This study was unable to identify variables which explained the difference in attitudes held by consumers.

Thorelli, Hans B. and Jack L. Engledow (1980), "Information Seekers and Information Systems; A Policy Perspective," Journal of Marketing, 44 (Spring), 9-24.

The paper summarizes the findings of a 10-year study of independent consumer information systems, product testing agencies, & use of product test reports and proposes new directions in consumer policy-private and public. The major policy proposals given are: 1) A Unified Informative labeling - Quality Certification Program which is multiproduct and inclusive in nature. There are synergies to derived in such areas as testing and promotion., 2) Computerized Consumer Information Banks which has the potential for adding local price, service, and availability data to "nationwide" product test information., 4) Firms will begin to use consumer information as a powerful competitive strategy, and 5) A decentralized consumer information system, based on pluralist co-operation along with independent initiatives by business, CI agencies, consumer organizations, standardization bodies, and governments. Independent consumer information programs are not likely to become the principal source of product information but will tend to influence the other sources in the direction of higher quality information. The public policy proposals are based on the conclusion that the time has arrived to shift emphasis from the present protection and public trusteeship stance towards education and information. The aim is to aid and factor "consumer's liberation"- self reliant, self- actualizing consumer who can make most of the decisions and play an equal role with sellers in the market place. Comments by David Schoenfield (Consumer Advocate, J.C. Penny) and F.E. McLaughlin, U.S. Office of Consumer Affairs, follow on pp. 24-27.

Tootelian, Dennis H. (1975), "Attitudinal and Cognitive Readiness: Key Dimensions for Consumer Legislation," Journal of Marketing, 39 (July), 61-64.

The ineffectiveness of particular consumer protection laws can be attributed largely to lack of consumers having both a sufficient understanding of the law to recognise illegal activities (cognitive readiness) and sufficient confidence in the legal system to be willing to use legal means of recourse (attitudinal readiness). The article builds upon this premise and examines a particular consumer protection legislation; the cooling-off law. The study relies upon a 1973 3-stage random sample (N=272) of respondents in a "large central Arizona city". The author concludes that respondents in the low-income areas were not as attitudinally and cognitively ready to use this cooling-off law as were respondents in the middle- and high - income areas. Further implications derived include: a close examination of consumer attitudinal and cognitive readiness needs to be made for proposed consumer statutes; a thorough reevaluation of existing statutes should be made to determine if other laws are facing problems similar to those of the cooling-off law; in the long-run extensive efforts need to be made to educate consumers about the various laws that are available and to show them how these laws can be used to their personal benefit. It must be recognized that consumers, and especially consumers in low-income areas, can not or will not take the necessary legal steps to protect themselves.